

FISCAL NOTE

Bill #: HB0021

Title: Fund certain educational programs with lottery net proceeds

Primary

Sponsor: Bob Pavlovich

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
State Special Revenue	\$ 6,537,000	\$ 6,464,000
Revenue:		
General Fund	(\$6,537,000)	(\$6,464,000)
State Special Revenue	6,537,000	6,464,000
Net Impact on General Fund Balance:	(\$6,537,000)	(\$6,464,000)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Department of Labor and Industry

1. The Department of Labor and Industry (DLI) would receive \$140,000 from the state special account generated by this legislation for the apprenticeship program.

Department of Commerce

2. Lottery net revenue estimates for FY00 and FY01 would be deposited into the State Special Revenue Account instead of the General Fund.
3. All funds deposited in the State Special Revenue Account will be disbursed each fiscal year.

Office of the Commissioner of Higher Education

4. Based on High School Honor Scholarship database, approximately 5,100 (47% of graduates) students graduating from Montana high schools who will meet the eligibility criteria in academic year 2000.

(continued)

5. Currently approximately 10,500 students attending the public higher education institutions in Montana would be eligible for this scholarship program.
6. Resident enrollment in public higher education institutions would increase as a result of this scholarship. This increase in resident enrollment will increase the amount of general fund support for the Montana University System and the community colleges. Due to the uncertainty in the numbers of students changing their college selection as a result of this scholarship program, no increase has been considered in the fiscal impact section.
7. Approximately \$600 per student (with 10,500 students) will be available for scholarships.
8. One FTE (0.5 in the first year), grade 11, in the Office of the Commissioner of Higher Education would be able to handle the increase in work associated with this legislation. Administration expenses for this program would be funded with the state special account fund established by this legislation.

FISCAL IMPACT:

	FY2000 <u>Difference</u>	FY2001 <u>Difference</u>
FTE	0.5	1.0
<u>Expenditures:</u>		
Personal Services	\$12,689	\$25,378
Operating Expenses	22,950	15,950
Grants (DOL Apprenticeship)	140,000	140,000
Transfers (Scholarships)	<u>6,361,361</u>	<u>6,282,672</u>
TOTAL	\$ 6,537,000	\$ 6,464,000
<u>Funding:</u>		
State Special Revenue (02)	\$ 6,537,000	\$ 6,464,000
<u>Revenues:</u>		
General Fund (01)	(\$6,537,000)	(\$6,464,000)
State Special Revenue (02)	\$6,537,000	\$6,464,000
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$6,537,000)	(\$6,464,000)
State Special Revenue (02)	\$0	\$0

TECHNICAL NOTES:

1. The maximum eligibility period is unclear, students can continue on receiving the scholarship beyond four years.
2. Time limits for the scholarship use after high school graduation are undefined.
3. The mandatory return of funds for any student who receives a scholarship and terminates enrollment for any reason will be difficult to administer.
4. The reporting dates used in bill (30 days after registration and March 1) may not be feasible.
5. The financial aid departments do not have a method to determine that funds are used for remedial or college-preparatory coursework.
6. Provision to re-qualify is ambiguous and needs to be clarified
7. The book allowance makes it difficult to administer.